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Chrono

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

23 December 1982

Mr. Warren H. Donnelly
Senior Specialist
Congressional Research Service
The Library of Congress
Washington, D. C. 20540

Dear Warren:

Thank you for the Petit paper--I have given copies to Harry Rowen and others in this building.

At your convenience, say within the next month or so, Hans Heymann and I would appreciate it very much if you would pay us another call. Of greatest interest, of course, is "our" issue(s) and the next Congress.

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Assistant NIO At Large

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December 20, 1982

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Assistant National Intelligence Officer at Large
Central Intelligence Agency
Washington, D.C. 20505

Dear 25X1

It was good to see you at the Wilson Center seminar. I also greatly appreciate your remarks about our work.

You may find interesting the enclosed brief paper by Andre Petit of France in which he reviews non-proliferation developments during 1982.

Sincerely,

Warren H. Donnelly
Senior Specialist

Enclosure

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PREPRINT OF REMARKS AT THE URANIUM INSTITUTE,
SEPTEMBER 1982

Non-Proliferation and related issues:

A review of developments over the past year*

Andre Petit

This Symposium is, for most of us, the occasion of a pleasant and most interesting annual review of the overall context in which our industry functions. When we met a year ago the preceding 12 months appeared to have been occupied by many events, both in the field of non-proliferation policy, and more generally in the political context affecting international nuclear trade. This sense of movement was of course something to which we had already grown accustomed. In September 1981 we were all aware of the failure of the Non Proliferation Treaty (NPT) review conference, the reorientation of US policy following the Reagan election, the Franco-Australian agreement on generic approval for reprocessing, the bombing of the Tammuz reactor, etc. At the last Symposium, Mr Malone's speech concerning the new US administration's approach to non-proliferation was a confirmation of the intended evolution in his country's policies, following President Reagan's election.

In contrast, this last 12 months have witnessed few such spectacular developments. The important events of the year have tended to be much more confirmations or developments of previously announced or adopted policies, rather than departures from such policies.

The French parliamentary debate on energy which took place in the autumn of 1981 resulted in the definition of a policy which includes both greater emphasis on coal and conservation, and a major nuclear domestic programme, together with changes in the procedures for its implementation aimed, amongst other things, at winning the acceptance of the public. In the field of non-proliferation, the French Government has confirmed its willingness to provide developing countries with nuclear energy for peaceful purposes, steadily strengthening measures against proliferation.

The US Government has been developing a policy along the lines announced at the 1981 Institute meeting by Mr Malone. It was marked by the Presidential statement in October 1981 concerning mainly domestic nuclear policy, and by the US policy on plutonium which appeared in June 1982. But it did not go as far as amending the Nuclear Non-Proliferation Act -- which means that many of President Reagan's intentions may still be in conflict with legislation inspired by a quite different policy.

As regards the highly controversial problem of prior consent rights on reprocessing, the move towards a compromise, initiated by the Franco-

*(Opinions expressed in this paper are the personal views of the author, and in no way commit either the CEA or any other French authority).

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Australian agreement, was continued through the Australia-Euratom agreement in September 1981, the Canada-Euratom Agreement in November 1981, and the US statement already mentioned in June 1982. Notwithstanding the fact that US policies still appear more restrictive than those of the two other countries which support the principle of prior consent, there now seems to be an international consensus that reprocessing is a legitimate need for countries having sizeable nuclear programmes; and that, in such circumstances, case-by-case prior consent rights need not be retained by exporters.

This absence of sensational events during the past 12 months should not be considered unexpected. The anomaly, in my opinion, was the large number of such events during the preceding years. How can an industry live and develop normally, if the rules of the game for international trade are affected every year by a number of unilateral or multilateral changes in the political conditions governing such trade?

However, the fortunate return to a quieter period does not mean that no significant moves are taking place. But it probably means that most governments now understand that the most efficient developments are not necessarily the most spectacular, and that the first prerequisite for an effective non-proliferation policy is a real worldwide consensus, rather than attempts to dictate new rules through unilateral decisions.

This period may therefore be a good moment to reflect on the present situation, and to analyse the trends which could lead to future developments.

The picture shows that the N.P.T., the London Guidelines, and the IAEA safeguards still remain the legal-political instruments on which the largest degree of international consensus exists, even though this falls short of unanimity.

The NPT still faces objections from the non-nuclear-weapon states which refused to sign it, the most important of which are Argentina, Brazil, India, Israel, Pakistan, South Africa, Spain etc.

The London Guidelines also are contested by these countries, and in addition by some third world countries which have signed the NPT, but which claim that these Guidelines are in opposition to the spirit of Article IV of the NPT; and furthermore that they are a way for industrialized nations to maintain '"technological colonialism"' over developing nations.

But whatever the objections, these two diplomatic instruments remain in the centre of the picture. On one side, countries which had earlier decided to go much further in their non-proliferation policies are progressively stepping back, as evidenced by what has happened in the field of prior consent. On the other, developing countries which had, for a time, combined in attacking the US Non-Proliferation Act and the London Guidelines, have started to recognize that the latter offer considerable flexibility, and that even the caution they adopt towards the transfer of sensitive technologies may be applied in a way which is compatible with these countries' own development.

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As for the IAEA safeguards, the objections are fortunately more limited; we will say a word later about recent developments.

Around this hard core discussions have continued over the past year on a number of major issues which condition the development of nuclear trade without contributing, or even being perceived as contributing, to the risk of proliferation.

A first line of approach which seems to have made some progress during the year is related to the real nature of the non-proliferation problem.

The International Nuclear Fuel Cycle Evaluation (INFCE) had of course already emphasized that the problem is essentially political rather than technical. But this idea was often only mentioned briefly in national non-proliferation statements, which failed to give it the importance it deserves, or to draw out the implications. Much progress seems to have been made in this respect during the year. I should like, for example, to mention the very clear and convincing way in which it is mentioned in the official booklet published by the Canadian government on Canadian non-proliferation policy.

But I am afraid there is still a long way to go in this direction if we are to succeed in convincing public opinion, as well as many politicians, that the most likely route for a would-be-proliferator government is not via the misuse of safeguarded electronuclear power stations and their normal fuel cycle, especially for light water reactors.

In this respect, even the behaviour of some governments is far from being entirely rational. In some cases where governments refuse to export nuclear reactors, because they suspect the possible parallel existence in the importing country of a military nuclear programme, they are simultaneously giving to the same recipient government the fullest diplomatic, military and financial support. In such circumstances, one can be forgiven for wondering whether the export of a safeguarded reactor would really add anything significant to the proliferation risk already existing in such a country.

The reasoning and reflections in this respect are similar to those which relate to possible sanctions following a move towards proliferation, where the distinction is not always made whether such a move is, or is not, the result of a breach of international safeguards.

It is quite clear that if international safeguards are breached the continuation of peaceful nuclear trade becomes impossible, because exporting nations can have no assurance that what they export will not be diverted to military uses.

But when this is not the case, and when the problem stems from the possible parallel existence of an unsafeguarded nuclear programme, it may be asked whether an embargo on safeguarded electronuclear trade is necessarily more appropriate than the withdrawal of military, financial

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necessarily more appropriate than the withdrawal of military, financial or any other type of assistance or cooperation. Cheap energy is probably more necessary to the health and well-being of the population of such countries than military aircraft; so if sanctions are to be taken against what appears as an abnormal super-armament, why should this sanction not be taken first in the military and diplomatic fields, rather than in the field of energy?

The only reason for the present attitude of some politicians and governments in this respect is the implicit postulate that there is normally a link between electronuclear reactors and nuclear weapons. Although the contrary was demonstrated in INFCE, this demonstration has not yet been fully understood and accepted by public opinion and by politicians. I believe that it is an essential task for the industry to continue to inform them properly in this respect, in order to eradicate such an irrational assumption from their minds.

Another line of reflection which seems to be slowly maturing is related to the fact that confidence in the security of nuclear supplies through international trade is absolutely essential to the future of non-proliferation policy.

This now seems to be understood, in particular by countries which had earlier thought that the greater their pressures on importing countries, the more efficient their non-proliferation policies would be. They now seem to recognize that there is little merit in trying to impose conditions which will be perceived by importers as jeopardizing their security of supply, if this leads them to look for other suppliers or to adopt autarchic policies.

This has led to the creation by the IAEA of the Committee on Assurances of Supply, which is trying to develop new approaches in order to enhance the feeling of security of supply among nuclear importers. Although this Committee seems to devote at least as much time to talking about non-proliferation conditions as in dealing with assurances of supply, it is at least a positive fact that the Agency and its member states have chosen to give to it, as an essential objective, the improvement of assurances of supply.

Of course, what will be even more significant will be the efforts actually made by exporting nations to enhance such security of supply.

A great deal remains to be done in this respect, for instance by facilitating the diversification of supplies, guaranteeing deliveries under long-term contracts against unilateral changes in political conditions, facilitating retransfers, etc. But some optimism is permissible, particularly as more moves are taking place in this direction than in the opposite one.

A good deal of thought has, of course, also been given to IAEA safeguards, which are the essential tool of any non-proliferation policy.

A year ago there was deep concern that the bombing of the Tammuz reactor and the attempt of some formercivil servants of the Agency to

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justify such bombing by criticizing the efficiency of the Agency's safeguards system, could bring discredit to the safeguards system as a whole. It was a major challenge for Dr Blix -- on being appointed towards the end of 1981 as the new Director-General of IAEA, after the position had been held for more than 20 years by Dr Eklund -- to be faced with this problem immediately on taking up office.

He faced it with great realism and authority, both in the Board of Governors of the Agency and in his statement to the United Nations in New York. He repudiated attacks on the Agency for not performing tasks which were not part of its duty, and reaffirmed the Agency's willingness and ability to perform those safeguarding tasks which had been assigned to it by its statute.

This very clear and firm reaction led most governments to reaffirm their full support for the IAEA safeguards system. Naturally, this system, like any other human institution, is capable of improvement; and indeed improvements are permanently under study, in order to achieve the best efficiency without placing an abnormal burden on the nuclear industry or on the international community. The new Director-General, backed up by the Board of Governors, seems willing to speed up progress in this direction in the near future.

What can we conclude from this brief overview?

First, that most of the conflicting views and policies which have fuelled the international nuclear debate during recent years remain: the Nuclear Non-Proliferation Act is still in force in the USA, a number of countries still refuse to sign the NPT, and the London Guidelines are still criticized by a number of developing countries.

But there seems to be a slow evolution towards abandonment of the more extreme positions, and more flexibility in looking for pragmatic solutions, taking into consideration the political, economic and industrial realities facing the parties involved. The essential role of IAEA safeguards, and the need for more reliable international nuclear trade, are generally recognized; together with the necessity for taking into consideration the proliferation risks which are perceived as being associated with some nuclear technologies.

Unfortunately it seems unlikely that this progress, real as it is, will lead in the short term to the new and universal political and legal instrument which would be needed to establish a clear and stable framework within which the industry could develop worldwide. The only realistic hopes we may allow ourselves in the short term are that the movement towards reducing as far as possible the political and legal uncertainties will continue through long-term bilateral agreements and contracts; and that the evolution of national policies will be convergent rather than divergent, thus paving the way for a possible universal consensus at a later stage.

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